

By: White

H.B. No. 42

A BILL TO BE ENTITLED

1 AN ACT
2 relating to allocating a portion of oil and gas production tax
3 revenue to the counties from which the oil and gas originated and to
4 the use of that revenue.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section 201.404, Tax Code, is amended to read as
7 follows:

8 Sec. 201.404. ALLOCATION OF REVENUE. After deducting the
9 amount required to be deposited by Section 201.403 [~~of this code~~],
10 the comptroller shall deposit [~~one-fourth of~~] the revenue collected
11 from the tax imposed by this chapter as follows:

12 (1) 25 percent to the credit of the foundation school
13 fund;

14 (2) two percent to the credit of the trust fund created
15 under Section 205.001, to be disbursed to counties for the purposes
16 and in the manner provided by that section; and

17 (3) the remainder [~~three-fourths~~] to the general
18 revenue fund.

19 SECTION 2. Section 202.353, Tax Code, is amended to read as
20 follows:

21 Sec. 202.353. ALLOCATION OF REVENUE. After deducting the
22 amount required to be deposited by Section 202.352 [~~of this code~~],
23 the comptroller shall deposit [~~one-fourth of~~] the revenue collected
24 from the tax imposed by this chapter as follows:

1 (1) 25 percent to the credit of the foundation school
2 fund;

3 (2) two percent to the credit of the trust fund created
4 under Section 205.001, to be disbursed to counties for the purposes
5 and in the manner provided by that section; and

6 (3) the remainder [~~three-fourths~~] to the general
7 revenue fund.

8 SECTION 3. Subtitle I, Title 2, Tax Code, is amended by
9 adding Chapter 205 to read as follows:

10 CHAPTER 205. SEVERANCE TAX TRUST FUND

11 Sec. 205.001. TRUST FUND FOR REVENUE FROM SEVERANCE TAXES
12 FOR COUNTIES. (a) The comptroller shall deposit the following in a
13 trust fund outside the state treasury to be held with the
14 comptroller in trust:

15 (1) the revenue collected from the gas production tax
16 as specified by Section 201.404(2); and

17 (2) the revenue collected from the oil production tax
18 as specified by Section 202.353(2).

19 (b) The comptroller shall:

20 (1) administer the fund as trustee on behalf of each
21 county in this state; and

22 (2) send to the county treasurer payable to the county
23 the county's share of the revenue in the trust fund as provided by
24 this section.

25 (c) A county's share of the revenue in the trust fund is
26 equal to the proportion that the gas production and oil production
27 in that county bears to the total gas production and oil production

1 in this state.

2 (d) The comptroller shall remit to a county the county's
3 share of the revenue in the trust fund not later than the 90th day
4 after the last day of the calendar month during which the revenue
5 was deposited in the trust fund.

6 (e) A county may use money received under this section only
7 to supplement construction and maintenance of county roads and
8 bridges that are impacted by oil and gas exploration and production
9 activities.

10 SECTION 4. The changes in law made by this Act apply only to
11 tax revenue collected under Chapters 201 and 202, Tax Code, from oil
12 and gas produced on or after the effective date of this Act. Tax
13 revenue collected under Chapters 201 and 202, Tax Code, from oil and
14 gas produced before that date is governed by the law in effect on
15 the date the oil and gas was produced, and that law is continued in
16 effect for that purpose.

17 SECTION 5. This Act takes effect September 1, 2021, but only
18 if the constitutional amendment proposed by the 86th Legislature,
19 Regular Session, 2019, authorizing the legislature to allocate a
20 portion of oil and gas production tax revenue to the counties from
21 which the oil and gas originated is approved by the voters. If that
22 amendment is not approved by the voters, this Act has no effect.